



LEGAL GUIDE

Legal and Financial Guide: How to Invest in Real Estate in Paraguay as a Foreign National



PRESENTED BY PAIXAO AND ASOCIADOS



Key Investment Advantages

Paraguay offers an **attractive investment landscape** characterized by low inflation rates of just 4% annually. Foreign investors can enjoy impressive returns of **6% to 10%** in U.S. dollars. The affordable price per square meter, starting at **USD 1,400** in premium areas, makes it an ideal choice for property buyers seeking value. Additionally, a flat income tax of only 10% enhances the overall profit from investments.

One of the most compelling reasons to invest in Paraguay is that foreign nationals can purchase property without needing prior residency. The country's **territorial tax principle** ensures that only income generated within Paraguay is taxed, offering significant financial advantages. This combination of favorable tax policies and investment-friendly regulations creates an environment conducive to sustainable growth and profitability for investors looking to enter the real estate market.





Can Foreign Nationals Buy Property?

Equal Rights and Requirements

Foreign nationals can purchase property in Paraguay on equal terms with local citizens, requiring a valid passport, a RUC tax ID, and a local bank account.

Permitted Property Types and Limitations

Investors can acquire residential, commercial, urban, and rural properties; however, local mortgage access is restricted, and proper registration is required for commercial activities.

Secure Purchase Process

Recommended legal stages before acquiring a property in Paraguay.



01

Define your objective

Purchase for personal use, rental income, family wealth or medium-term investment.



02

Property selection

Preliminary analysis of location, price, available documentation and commercial terms.



03

Prior legal review

Verification of title, ownership, liens, debts, restrictions and registry background.



04

Tax and documentary structure

Assessment of RUC, purchase structure, powers of attorney, foreign documentation and applicable obligations.



05

Signing and registration

Coordination of purchase agreement, public deed, payments, notary and registry filing.

Each transaction must be assessed according to the available documentation and the particular circumstances of the case.



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Taxes and Fiscal Structure

Investing in real estate in Paraguay entails understanding its **favorable tax regime**. The VAT on property purchases stands at a modest 10%, ensuring affordability for investors. Additionally, the income tax on net rental income is also set at 10%, allowing for reasonable returns. Remarkably, Paraguay does not impose capital gains tax, enhancing its appeal as a prime investment destination for foreign nationals and fostering an inviting environment for growth.

The annual property tax is generally low and varies by municipality, making it manageable for investors. Paraguay's **territorial tax principle** dictates that only income generated within the country is taxed, which is particularly advantageous for foreign investors. This system not only simplifies taxation processes but also enables a clear understanding of financial obligations. Thus, investors can focus on maximizing their returns without the burden of complex tax liabilities.



Investment Zones

Opportunities in Paraguay

Villa Morra

Consolidated premium area,
strong executive rental demand

Mburucuyá Growth

Accelerated growth,
accessible entry prices
with solid profitability

San Lorenzo and Luque

Expanding market,
ideal for long-term investment





Real Risks and Mitigation Strategies

Defective Titles and Due Diligence

Conducting thorough **registral due diligence** is essential to identify any defects in property titles, ensuring a clear ownership path and safeguarding your investment.

Undisclosed Liens and Registry Certificates

To avoid surprises, obtain **up-to-date property registry certificates** that reveal any undisclosed liens, securing your property from unexpected financial obligations.

Irregular Occupations and Property Management

Appointing a **local property manager** helps mitigate risks associated with irregular occupations, ensuring your property is well-maintained and legally protected from unauthorized use.



Why Paixao and Asociados

Expert Legal Guidance for Investors

With over **11 years of experience**, we specialize in foreign investment and provide comprehensive legal services for real estate transactions.

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